GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:219
ANSWERED ON:12.12.2008
INTERNET BANKING FRAUDS
Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether there have been cases of fraudulent withdrawal of money through internet/online banking;

(b) if so, the number of such cases reported during the last three years and the current year, State/UT-wise;

(c) the details of action taken by the Government against the culprits;

(d) whether the RBI has issued any guidelines to the banks in this regard;

(e) if so, the details thereof; and

(f) the steps taken proposed to be taken by the Government to safeguard the interests of account holders in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (f): A Statement is laid on the table of the Lok Sabha.

Statement referred to in reply to Part (a),(b),(c),(d),(e) and (f) of Lok Sabha Starred Question No 219 for answer on 12.12.2008.regarding internet banking frauds tabled by Shri Chandra Bhushan Singh.

(a)&(b) : Reserve Bank of India (RBI) has reported that there have been cases of fraudulent withdrawal of money through internet/on line banking. The state-wise details of such incidents reported by banks to RBI during the last Ihree years and current year (upto September 2008) are Annexed.

(c) : As per guidelines issued by RBI, banks are required to report the matter to Police/CBI and further appropriate action is taken against the culprits.

(d)&(e) ; RBI as a part of its supervisory responsibility has taken various measures to prevent bank fraud and in particular had issued guidelines on internet banking to all commercial banks vide circular dated June 14, 2001 covering technology and security standards, legal issues and regulatory/supervisory issues with regard to internet banking in India. RBI had also issued a caution circular on Feoruary 26, 2006 to all commercial banks on phishing attacks (i.e. creating fake website of banks and collecting customer details such as user ID, password etc. and thereby fraudulently withdrawing money from the customer`s account using fake credit card). The circular contains details of the modus operand on such attacks and minimum set of prevent ve/detedive measures to tackie phishing attacks.

(f): RBI has also issued detailed guidelines to banks on adherence of Know Your Customer (KYC) norms and opening/operating of accounts of genuine customers only. The guidelines issued by RBI include developing customer acceptance policy, customer identification procedures, monitoring of transactions and for customer education etc. Also, as fake and stolen cheques/demand drafts are encashed through bank accounts opened in false/fictitious names/addresses, banks have teen advised to adhere strictly to KYC guidelines with a view to plug loopholes.Further,in the past, RBI has issued a number of guidelines/modus operandi circulars to all corrmercial banks so that adequate safeguards could be taken by them to prevent fraudulent encashment of fake/forged/stclen instruments.